



Bob Dudley



BP Exploration & Production, Inc.
501 Westlake Park Boulevard
Houston, TX 77079
USA

June 7, 2010

Governor Bobby Jindal
State House
Baton Rouge, LA 70804-9004

Re: Approved Barrier Island Project

Dear Governor Jindal,

As you know, U.S. Coast Guard Rear Admiral James A. Watson, the Federal On-Scene Coordinator, has informed BP America Inc. ("BP") in a letter dated June 4, 2010 of his determination that the construction of six berms seaward of the Louisiana barrier islands as identified and more fully described in the Corps of Engineers' May 27, 2010 Emergency Permit NOD-20 (the "Approved Barrier Island Project") is, under current circumstances, "a removal action that will achieve the containment and removal of oil;" that the Approved Barrier Island Project is "an action necessary to minimize or mitigate damage to the public health or welfare in areas affected by the Deepwater Horizon oil discharge;" and that "the expense of this project is an appropriate removal cost under the Oil Pollution Act." In his letter, Rear Admiral Watson also informed BP that construction of the Approved Barrier Island Project should occur on the most expeditious schedule possible and that the State of Louisiana is prepared to undertake the project. Rear Admiral Watson directed BP to make available funding for the project consistent with the obligation of responsible parties to receive and pay removal costs. The Coast Guard also concurred in the conclusion of the National Incident Commander that the cost to complete the Approved Barrier Island Project is \$360 million.

Although Rear Admiral Watson's letter was sent to all responsible parties, BP recognizes that the emergency circumstances necessitate immediate plans for funding this work. Accordingly, BP will fund the full \$360 million needed to complete the project. A \$60 million block will be paid immediately to the State of Louisiana. BP will then provide five additional block payments of \$60 million to the State at intervals reflecting incremental progress of 20% of actual completion of the project as certified by the chairman of the Coastal Protection and Restoration Authority of Louisiana, Garret Graves, or his designee. Thus, for example, BP will provide its next \$60 million payment upon certification of

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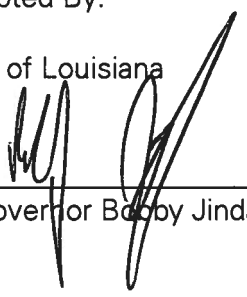
20% completion and the third \$60 million payment upon certification that the project is 40% complete and so on, with the full \$360 million being funded by completion of the project. Our funding commitment will permit the State to commence work on the Approved Barrier Island Project immediately and complete it as expeditiously as possible.

Please sign this letter in the space indicated below to evidence the State's acceptance of the \$360 million funding commitment from BP. I have asked that Bob Fryar take the lead on this matter on BP's behalf going forward. Please feel free to contact either one of us if there are further questions about this plan of action.

A handwritten signature in black ink, appearing to read "Bob Fryar", written in a cursive style.

Accepted By:

State of Louisiana

By: 
Governor Bobby Jindal